

TOBACCO STRATEGY GROUP

Lucky Strike Filter : Progress in "Nothing else" campaign markets.

This summarises the progress to date in those BATCo Lucky Strike markets running the "Nothing else" communications programme. The objective is to review available business and consumer data by market and draw key conclusions particularly on performance amongst Lucky Strike's target group: principally male, 18-24 year olds (Young Adult Urban Smokers).

Background

The "Nothing else" communications programme was extended to a number of European BATCo markets from November 1991 following successful experience in the West German marketplace. The timing of this roll-out by market was as follows:

Netherlands	November 1991	Finland	March 1992
Denmark	February 1992	Switzerland	March 1992
Belgium/Lux	March 1992	Hungary	September 1992

It was subsequently agreed to adopt "Nothing else" as the campaign to relaunch the brand in Argentina from October 1992.

Market by market analysis

This evaluation covers the campaign's progress in the five key markets where to date the campaign has been most extensively exploited. These are the Netherlands, Switzerland, Belgium, Hungary and Argentina. Both Finland and Denmark have been excluded from this evaluation since the campaign has not been fully exploited in these markets.

Overall Conclusions

Analysis of Lucky Strike's progress in the five key 'Nothing Else' markets demonstrates that the campaign is having a significant impact on the YAUS both in terms of share and attitudes. Brand consumer profile data demonstrates a quality core franchise across these markets which is a foundation for future share development.

Netherlands: Key Conclusion

The Netherlands is the market that best demonstrates progress behind "Nothing else". The campaign has contributed positively to a growing quality share franchise as evidenced by the key performance indicators highlighted below. On the strength of this performance price parity with Marlboro has been achieved from April '93. Communications spending increased to Fl 13.1 mns (+3%) and share of voice from 16.4% to 17.7% an increase of 8% since the campaign's introduction.

Key Findings

(1) Volume and share has increased significantly in the period following the introduction of the campaign and the share ratio versus Marlboro has improved.

	<u>Cum. Period</u> <u>Post Introd</u>	<u>Cum. Period</u> <u>Pre Introd</u>	<u>Index</u> <u>Post/Pre.</u>
Volume (mns)	10.1	8.0	126
Nielsen share(%)	0.8	0.6	133
Value share (%)	0.8	0.5	160
USIB Seg. share(%)	1.5	1.2	125
Share ratio vs Marlboro(%)	5.3	3.9	136

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(2) Brand distribution has also built substantially since the introduction

	<u>Cum. Period</u> <u>Post Introd</u>	<u>Cum. Period</u> <u>Pre. Introd</u>	<u>Index</u> <u>Post/Pre</u>
<u>Distribution(%)</u>			
Gross Weighted (%)	78	69	113
Numeric (%)	31	25	124
Horeca (%)	70	58	121

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(3) Significant increases in both Brand and Advertising awareness levels have also been achieved.

	<u>Cum. Period</u> <u>Post Introd</u>	<u>Cum. Period</u> <u>Pre Introd</u>	<u>Index</u> <u>Post/Pre</u>
<u>YAUS Awareness(%)</u>			
Brand-Spontaneous (%)	14.4	10.2	142
Brand-Prompted (%)	89.4	83.2	107
Adv.-Spontaneous (%)	9.8	6.9	142
Adv.-Prompted (%)	9.6	47.5	106

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(4) Share of YAUS is stable in the post versus pre-period. However it is notable that the side (or alternative) brand share among YAUS has increased significantly. This indicates that Luckies has now become a valid and acceptable alternative for a growing number of young adults.

	<u>Cum. Period</u> <u>Post Introd</u>	<u>Cum. Period</u> <u>Pre. Introd</u>	<u>Index</u> <u>Post/Pre</u>
YAUS share(%)	1.8	1.8	100
Side/Alternative brand share(%)	2.2	1.4	157

(5) Luckies consumer profile in the Netherlands has become more young adult, urban and better educated since the introduction of "Nothing else" and better targeted than Marlboro.

	<u>LSF</u>		<u>Marlboro</u>	
	<u>1991</u>	<u>1993</u>	<u>1991</u>	<u>1992*</u>
Sex: Male	73	69	52	51
Female	27	31	48	49
Age: 18-24	44	49	35	41
25-34	29	23	39	35
Educ: University	11	15	6	5
Higher	37	43	22	23
Middle	40	29	41	38
Lower	12	13	31	34

*1993 data unavailable

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Switzerland: Key Conclusion

There is clear evidence that the "Nothing else" campaign has made a positive contribution towards progress in this market. Share, volume, brand awareness and key outlet distribution have all increased in the post- introduction phase. In addition the brand's consumer profile demonstrates that a quality YAUS franchise is being developed. As a result price parity with Marlboro was achieved in November '92. Communications spending increased to SFr 10.7 mns (+8%) and share of voice from 6.6% to 6.8% an increase of 3% since the campaign's introduction. Growth opportunities exist in building advertising awareness through focussed ATL support and continuing to grow Horeca distribution.

Key Findings

(1) Volume and share have all grown during the period following the introduction of the new campaign. However this growth has not been fast enough to improve Luckies share ratio versus Marlboro.

	<u>Cum. Period</u> <u>Post Introd</u>	<u>Cum. Period</u> <u>Pre. Introd</u>	<u>Index</u> <u>Post/Pre</u>
Volume (mns)	141.3	124.9	113
Nielsen share(%)	0.70	0.68	103
Value share(%)	0.83	0.77	107
USIB Seg. share(%)	1.42	1.40	101
Share ratio vs Marlboro(%)	3.35	3.43	98

(2) Overall distribution is broadly stable. However strong progress has been made in the key YAUS channel-Horeca.

	<u>Cum. Period</u> <u>Post Introd</u>	<u>Cum. Period</u> <u>Pre. Introd</u>	<u>Index</u> <u>Post/Pre</u>
Distribution(%)			
Gross weighted(%)	91.5	90.2	101
Numeric (%)	62.5	64.0	98
Horeca (%)	17.8	13.3	134

(3) Spontaneous brand awareness has increased in the post-introduction period whilst advertising awareness among the target YAUS has been eroded. This suggests the need to concentrate more resources on ATL media activities. Unfortunately due to a change in the BAT Suisse system of measurement it is not possible to compare YAUS brand awareness versus the pre-period.

	<u>Cum. Period</u> <u>Post Introd</u>	<u>Cum. Period</u> <u>Pre. Introd</u>	<u>Index</u> <u>Post/Pre</u>
Total/YAUS awareness(%)			
Brand-Spontaneous(%)	5.8/17.5	4.7/*	123/*
Brand-Prompted(%)	78/9	5.0/*	*/*
Adv.-Spontaneous(%)	4.9/8.7	*/10.3	*/85
Adv-Prompted(%)	27/33	*/35	*/94

* Data not available

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(4) The consumer profile demonstrates an improvement in the quality of the franchise since the introduction of the campaign

	LSF Consumer Profile	
	1991	1992
1992		
Sex: Male	72.7	78.4
: Female	27.3	21.6
Age: 18-24	36.4	58.0
: 25-34	50.0	33.0
Urban:	63.6	64.8

Belgium/Luxembourg: Key Conclusion

The brand's overall performance has not been positive since the introduction of the "Nothing else" campaign. However there is good evidence that the brand is slowly gaining acceptance among the core YAUS target group. The main obstacle to faster growth is judged to be the highly restrictive communications framework in this market. Since all tobacco brand ATL communications are restricted to pack advertising (incorporating copy that can only be found on the pack) most of the impact and originality of the "Nothing else" tonality is lost. Communications spending increased to BF 155 mns (+38%) and share of voice grew from 6.3% to 7.6% an increase of 20% since the introduction of "Nothing else".

Key Findings

(1) Overall volume and share has declined since the introduction of the new campaign. However the share of YAUS has increased.

	<u>Cum. Period</u> <u>Post Introd</u>	<u>Cum. Period</u> <u>Pre. Introd</u>	<u>Index</u> <u>Post/Pre</u>
Volume(mns)	2.95	3.31	89
Nielsen share(%)	0.24	0.28	86
YAUS share(%)	1.17	0.87	134

(2) Quality of share has been improved with the introduction of "Nothing else" and price parity with Marlboro was achieved. The Retail Price Index versus Marlboro increased from 95.1 prior to the launch of "Nothing else" to 99.8 in the post introduction period.

(3) Brand and advertising awareness levels have increased among YAUS.

	<u>Cum. Period</u> <u>Post Introd</u>	<u>Cum. Period</u> <u>Pre. Introd</u>	<u>Index</u> <u>Post/Pre</u>
<u>YAUS Awareness/Trial(%)</u>			
Brand -Spontaneous(%)	15.4	15.8	98
Brand- Prompted (%)	85.4	81.8	104
Adv.-Spontaneous (%)	6.1	5.3	116
YAUS Ever Tried (%)	15.8	15.3	103

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(4) Overall distribution is broadly stable. However there is an opportunity for improvement in Horeca.

	<u>Cum. Period</u> <u>Post Introd</u>	<u>Cum. Period</u> <u>Pre. Introd</u>	<u>Index</u> <u>Post/Pre</u>
<u>Distribution (%)</u>			
Gross weighted (%)	76.3	74.0	103
Numeric (%)	46.3	46.2	100
Horeca (%)	8.0	8.3	96

Hungary: Key Conclusion

Following a brief introductory launch period of two months during which TLSS imagery was used domestic market advertising switched to the "Nothing else" campaign. It is therefore not valid to compare the impact of the campaign versus a pre-period.

However in a short period the brand has established itself as a genuine US international brand for young adults from a non-existent awareness base. In large part this is a result of the campaign's positive contribution. Launch spending of F\$ 70973 mns achieved a share of voice of 13.5% during 1992.

Key Findings

(1) LSF has established a solid share base in Hungary.

	<u>Cum. period</u> <u>Post introd</u>
Volume share(%)	0.2
Nielsen share(%)	0.3
Value share (%)	0.6
YAUS share(%)	0.5
USIB Seg. share(%)	2.5

(2) Good levels of trial and awareness have been achieved among YAUS.

	<u>Cum. Period</u> <u>Post introd.</u>	
	<u>Total</u>	<u>YAUS</u>
<u>Trial/Awareness(%)</u>		
Brand-Spont(%)	2.0	2.0
Brand-Prompted(%)	24.0	50.0
Adv.-Spont(%)	12.0	22.0
Adv.-Prompted(%)	19.0	35.0
Trial(past 3 months %)	9.0	15.0

(3) Luckies consumer profile is on target. It is more masculine, more young adult and better educated than Marlboro.

	<u>Sex</u>		<u>Age</u>			<u>Socio Economic</u>			
	<u>M</u>	<u>F</u>	<u>18-24</u>	<u>25-34</u>	<u>35+</u>	<u>B/Collar</u>	<u>W/collar</u>	<u>Student</u>	<u>Bus. Men</u>
LSF	73	27	52	20	28	12	37	31	12
Marlb.	59	41	33	30	37	21	44	11	19

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Argentina: Key Conclusion

The "Nothing else" campaign has been the key ingredient in the revitalisation of the brand's fortunes in the Argentine market. In the brief six month period following the relaunch Luckies has become a credible and attractive premium offer for the target YAUS. This is in stark contrast to the situation resulting in its 1989 market withdrawal. The key challenge is to maintain the momentum of this launch success over the long-term through continued investment in high quality communications activities. Spending to date of \$6.2 mns has achieved a 1.4% share of voice.

Key Findings

(1) Luckies has a sound initial share and volume base on which to grow.

	<u>Cum Period</u> <u>Post Introd</u>	<u>Latest Period</u>	<u>Index vs</u> <u>Prev 5 MA</u>
<u>Volume & share</u>			
Volume (mrs)	15.3	16.8	110
Share (%)	0.46	0.51	111
Value share (%)	0.53	0.56	107
YAUS share (%)	1.16	1.18	102
USIB Seg. share (%)	0.98	1.18	120

(2) Brand distribution is progressing positively especially in key target zones

	<u>Cum Period</u> <u>Post Introd</u>	<u>Latest Period</u>	<u>Index vs</u> <u>Prev 5 MA</u>
<u>Distribution (%)</u>	53	60	113
<u>Key channel (%)</u>	88	90	102

(3) High levels of trial and awareness have been achieved especially among YAUS.

<u>Trial / Awareness (%)</u>	<u>Cum Period</u>		<u>Latest Period</u>		<u>Index vs</u>	
	<u>Total</u>	<u>YAUS</u>	<u>Total</u>	<u>YAUS</u>	<u>Prev 5 MA</u>	
	<u>Total</u>	<u>YAUS</u>	<u>Total</u>	<u>YAUS</u>	<u>Total</u>	<u>YAUS</u>
Brand-Spent (%)	10	20	9	25	90	125
Brand-Prompted (%)	98	100	100	100	102	100
Adv.-Spent (%)	5	41	20	39	400	95
Adv.-Prompted (%)	11	75	50	86	454	114
Ever tried (%)	25	70	*	*	*	*
Ever purchased (%)	9	28	*	*	*	*

*Data not available

(3) Key image data provides evidence that the YAUS are capturing the campaign's core values.

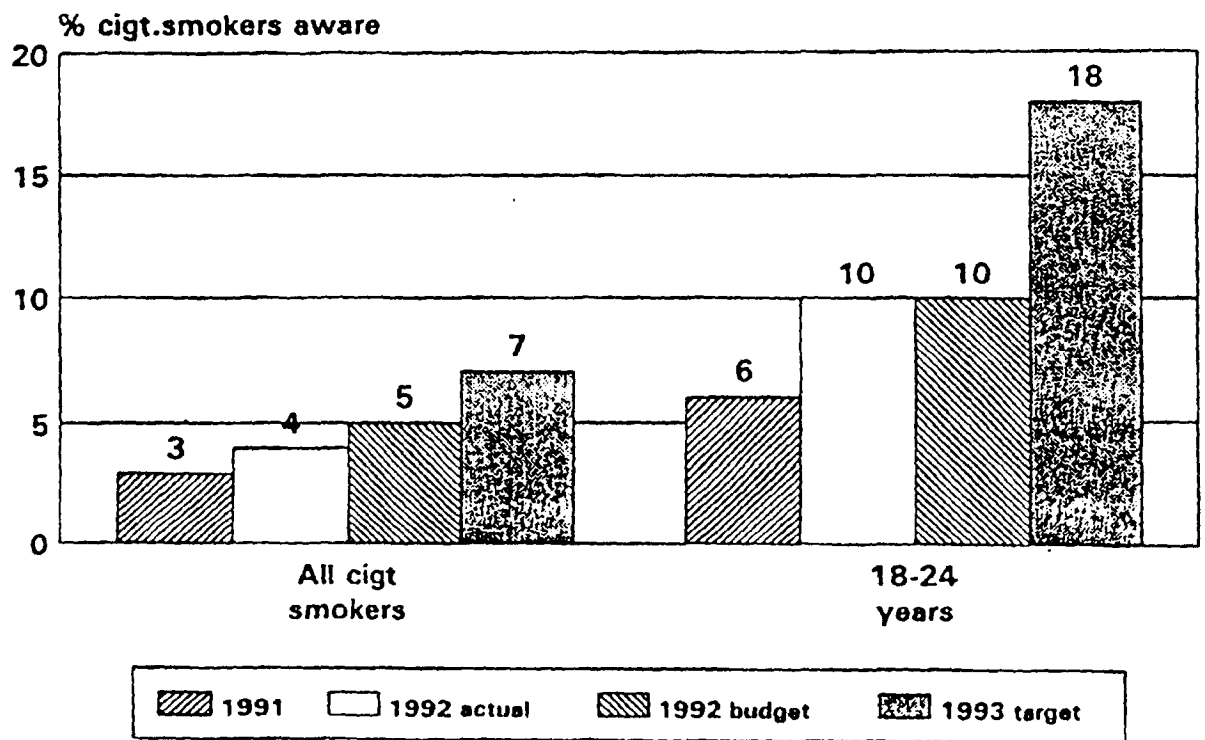
	<u>Total</u>	<u>YAUS</u>
Original Unique (%)	5	8
Intelligent (%)	2	5
Self confident (%)	3	8

S J Ashe
10th May 1993

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HOLLAND

Lucky Strike Spontaneous advertising awareness



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